

**South Summit School District
Kamas, Utah**

Financial Statements

For the Year Ended June 30, 2005

**Ulrich & Associates, PC
Certified Public Accountants
Ogden, Utah**

**South Summit School District
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Ulrich & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Education
South Summit School District
Kamas, Utah

We have audited the accompanying financial statements of the governmental activities and each major fund of South Summit School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of South Summit School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of South Summit School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2005 on our consideration of South Summit School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required report of the basic financial statements of South Summit School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ulrich & Associates, P.C.

December 5, 2005

South Summit School District
Management's Discussion and Analysis
June 30, 2005

This section of South Summit School District's General Purpose Financial Report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2005. Please read it in conjunction with the transmittal letter and the District's financial statements, which follow this section.

Financial Highlights

- Under the GASB 34 reporting model, at the close of fiscal year ended June 30, 2005, the District's net assets were \$ 32,544,801.
- Under the fund reporting model, the combined fund balance at the close of fiscal year ended June 30, 2005 was \$ 6,501,113.
- District enrollment for October 1, 2004, (1,322 students) reflects an increase of ten students as compared with district enrollment as of October 1, 2003, which was 1,312 students. This increase in enrollment is consistent with the slow but steady pattern of growth taking place in the district. It is interesting to note that in the last five years hispanic student enrollment has accounted for 86% of total enrollment growth (36 of 42). As this trend continues the district may be required to direct increasing resources for training staff and providing paraprofessional assistance to educating students who are less fluent in English.
- The financial statements for fiscal year ended June 30, 2005 reflect \$344,280 construction in progress for improvements to the district baseball field, renovation of the high school auditorium, and a new classroom and the elementary school. These projects will be completed by the end of the next fiscal year.
- Last year, the District was required to pay a record \$6,916,000 property tax refund to Amoco Rockmount Company as a result of a settlement agreement over property tax protests dating back to 1993. Amoco Rockmount subsequently sold out to Merit Oil and it was unknown at that juncture what would be the future of such property tax protests. This year Merit Oil filed a property tax protest in the amount of \$430,674 which the district will be required to pay by December 31, 2005. This liability is reflected in the Maintenance and Operations Fund of the current financial statements.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

South Summit School District

Management's Discussion and Analysis

June 30, 2005

The statement of activities presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and agency funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general maintenance and operation fund and the capital projects fund, each of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$32,544,801 at the close of the most recent fiscal year.

South Summit School District
Management's Discussion and Analysis
June 30, 2005

SOUTH SUMMIT SCHOOL DISTRICT'S NET ASSETS

	Governmental Activities	
	FY 2005	FY 2004
Current and other assets	14,266,389	13,613,297
Capital assets	27,343,646	27,631,055
Total assets	41,610,035	41,244,352
Current and other liabilities	1,609,559	1,089,383
Long-term liabilities outstanding	7,455,675	8,520,414
Total liabilities	9,065,234	9,609,797
Net Assets:		
Invested in capital assets, net of related debt	19,797,071	19,619,082
Restricted	5,186,741	4,523,266
Unrestricted	7,560,989	7,492,207
Total net assets	32,544,801	31,634,555

The district has 61% of its net assets invested in capital assets (e.g., land, buildings and improvements, and furniture and equipment net of accumulated depreciation), less any related debt (general obligation bonds payable) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that they themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (16%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.

The remaining balance of unrestricted net assets (23%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Financial Analysis of the District's Funds

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$6,501,113 million, \$765,859 higher than the previous year. The undesignated component of fund balance increased by \$31,345.

South Summit School District

Management's Discussion and Analysis

June 30, 2005

Government funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

	Government Funds	
	FY 2005	FY 2004
Revenues:		
Property taxes	\$ 7,559,407	6,687,779
Earnings on investments	180,836	88,911
School lunch sales	122,471	118,375
Other local sources	454,799	661,004
State aid	3,857,429	6,656,428
Federal aid	601,337	565,712
Total revenues	12,776,279	14,778,209
Expenses:		
Instructional services	6,543,691	5,790,932
Supporting services		
Students	360,570	251,973
Instructional staff	207,777	178,990
District administration	266,822	256,795
School administration	463,053	434,562
Business	291,273	272,009
Operation/maintenance of facilities	439,494	465,434
Transportation	507,915	476,212
Central/Community Service/Other	32,918	32,842
School lunch services	276,974	263,343
Capital outlay	1,388,748	4,430,027
Debt service	1,231,992	752,025
Total expenses	12,011,227	13,605,144
Total revenues over expenditures	765,052	1,173,065
Net other sources (uses)	807	(2,259,444)
Net change in Fund Balance	765,859	(1,086,379)
Fund Balances- Beginning	5,735,254	6,821,636
Fund Balances- Ending	\$ 6,501,113	5,735,257

South Summit School District

Management's Discussion and Analysis

June 30, 2005

General Fund Budgetary Highlights

The Board of Education adopts a budget for an upcoming year prior to the beginning of that fiscal year. Adjustments are accepted and incorporated into the budget throughout the year to reflect the changing nature of revenue streams and identified needs. Such budget adjustments, reflecting the dynamic nature of the budgeting process, are reflected in the final legal budget approved by the Board of Education.

Differences between the original budget and the final budget were typical (\$312,251 increase). This 3% increase in the budget was a result of additions and/or increases of state and federal funding sources over original projections. Actual total expenditures were below final budgeted amounts. Revenues were slightly below budgetary estimates primarily as a result of tax refund accrued and expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted. In summary, actual revenues exceeded actual expenditures.

State and federal funding is highly dependent on student numbers and composition. Since state and federal dollars comprise the bulk of total revenue, projecting enrollment growth and trends is a critical part of the budget process. District enrollment has been relatively steady.

South Summit School District Enrollment History

(October 1 Enrollment)

	2001-02	2002-03	2003-04	2004-05
Elementary	564	582	593	604
Middle School	302	327	317	307
High School	401	401	392	402
Special Schools	11	10	10	9
Total Enrollment	1278	1320	1312	1322

Capital Assets and Debt Administration

Capital Assets. The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Debt Administration. The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2005 is approximately \$155.2 million. General obligation debt at June 30, 2005 is \$2.6 million, resulting in a legal debt margin of approximately \$152.6 million.

More detailed information relating to capital assets and debt administration can be found in the notes to the financial statements.

South Summit School District
Management's Discussion and Analysis
June 30, 2005

Requests for Information

The financial report is designed to provide a general overview of South Summit School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, South Summit School District, 375 South 300 East, Kamas, UT 84036.

BASIC FINANCIAL STATEMENTS

South Summit School District

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 7,221,058
Receivables:	
Property taxes	6,436,257
Other receivables	609,074
Prepaid Items	-
Bond discount, net	90,900
Capital assets (net of accumulated depreciation):	
Land	2,561,089
Buildings	23,202,096
Machinery and equipment	1,145,281
Construction in progress	344,280
Total assets	<u>41,610,035</u>
<u>LIABILITIES</u>	
Accounts payable and accrued liabilities	735,609
Accrued interest	58,066
Accrued salaries	668,386
Deferred revenue	147,498
Noncurrent liabilities:	
Due within one year	1,063,136
Due in more than one year	6,392,539
Total liabilities	<u>9,065,234</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	19,797,071
Restricted for:	
Non K-12 programs	464,422
Food service	38,597
Debt service	80,953
Capital projects	4,602,769
Unrestricted	7,560,989
Total net assets	<u>\$ 32,544,801</u>

The notes to the financial statements are an integral part of this statement.

South Summit School District

Statement of Activities
For the Year Ended June 30, 2005

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Assets
					Total
					Governmental
					Activities
Governmental activities:					
Instructional services	\$ 7,367,042	356,364	4,557,201	-	\$ (2,453,477)
Supporting Services:					
Students	360,570	-	-	-	(360,570)
Instructional staff	207,777	-	-	-	(207,777)
District administration	268,154	-	-	-	(268,154)
School administration	517,053	-	-	-	(517,053)
Business	291,273	-	-	-	(291,273)
Operation and maintenance of facilities	443,722	-	-	-	(443,722)
Transportation	619,404	-	-	-	(619,404)
Other	32,918	-	-	-	(32,918)
School lunch services	276,974	122,471	-	-	(154,503)
Capital outlay	735,538	-	-	-	(735,538)
Interest on long-term liabilities	258,445	-	-	-	(258,445)
Total governmental activities	\$11,378,870	478,835	4,557,201	-	(6,342,834)
General revenues:					
Property taxes levied for:					
General Purpose					3,015,039
Transportation					248,966
Recreation					910,325
Debt Service					733,816
Capital Outlay					2,166,461
Interest earnings					180,836
Miscellaneous					(2,363)
Total general revenues					7,253,080
Change in net assets					910,246
Net assets - beginning					31,634,555
Net assets - ending					\$32,544,801

The notes to the financial statements are an integral part of this statement.

South Summit School District
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2005

	General Fund	Special Revenue		Food Service	Debt Service	Capital Projects		Total Governmental Funds
		Non-K12				Capital Projects	Building Reserve	
ASSETS								
Cash and cash equivalents	\$ 2,024,435	429,886	45,232	59,981		1,631,689	3,029,835	7,221,058
Property taxes receivable	3,099,062	880,752	-	632,794		1,823,649	-	6,436,257
Receivables- other	423,884	29,378	8,314	147,498		-	-	609,074
Total assets	5,547,381	1,340,016	53,546	840,273		3,455,338	3,029,835	14,266,389
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	167,661	14,683	2,746	-		119,845	-	304,935
Accrued salaries	646,502	9,681	12,203	-		-	-	668,386
Deferred revenue								
Property taxes	2,988,172	851,230	-	611,822		1,762,559	-	6,213,783
Other governments	-	-	-	147,498		-	-	147,498
Tax refund payable	430,674	-	-	-		-	-	430,674
Total liabilities	4,233,009	875,594	14,949	759,320		1,882,404	-	7,765,276
Fund Balances:								
Reserved for:								
Non-k12	-	464,422	-	-		-	-	464,422
Food service	-	-	38,597	-		-	-	38,597
RDG initiative	7,220	-	-	-		-	-	7,220
Debt service	-	-	-	80,953		-	-	80,953
Special transportation	188,403	-	-	-		-	-	188,403
Tort liability	74,231	-	-	-		-	-	74,231
Unreserved:								
Designated	339,321	-	-	-		-	-	339,321
Designated - Undistributed reserve	420,000	-	-	-		-	-	420,000
Undesignated, reported in:								
General fund	285,197	-	-	-		-	-	285,197
Capital projects fund	-	-	-	-		1,572,934	3,029,835	4,602,769
Total fund balances	1,314,372	464,422	38,597	80,953		1,572,934	3,029,835	6,501,113
Total liabilities and fund balances	\$ 5,547,381	1,340,016	53,546	840,273		3,455,338	3,029,835	14,266,389

The notes to the financial statements are an integral part of this statement.

South Summit School District
Balance Sheet Reconciliation to Statement of Net Assets
June 30, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental fund types:	\$ 6,501,113
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$36,994,105 and the accumulated depreciation is \$ 9,741,359	27,252,746
Property tax revenue is recognized when earned (claim to resources established) rather than when available.	6,213,783
Bond issue costs are reported as expenditures in governmental funds.	90,900
To recognize interest accrual for the lease revenue bonds	(58,066)
Long-term assets not available to pay for current period expenditures and, therefore, are deferred in the funds	(7,455,675)
Net assets of government activities	<u>\$ 32,544,801</u>

The notes to the financial statements are an integral part of this statement.

South Summit School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue		Food Service	Debt Service	Capital Projects		Total Governmental Funds
	General	Non-K12			Capital Projects	Building Reserve	
Revenues:							
Property taxes	\$ 3,615,753	1,043,377	\$ -	733,816	\$ 2,166,461	\$ -	\$ 7,559,407
Community school fees	-	356,364	-	-	-	-	356,364
Earnings on investments	108,274	-	-	-	-	61,403	180,836
School lunch sales	-	-	122,471	1,439	9,720	-	122,471
Tuition	-	7,594	-	-	-	-	7,594
Other local sources	28,987	1,524	8,093	36,975	15,262	-	90,841
State aid	3,766,452	50,053	40,924	-	-	-	3,857,429
Federal aid	434,443	35,836	111,058	-	-	-	601,337
Total revenues	7,973,909	1,494,748	282,546	772,230	2,191,443	61,403	12,776,279
Expenditures:							
Current:							
Instructional services	5,302,510	1,241,181	-	-	-	-	6,543,691
Supporting services:							
Students	360,570	-	-	-	-	-	360,570
Instructional staff	207,777	-	-	-	-	-	207,777
District administration	266,822	-	-	-	-	-	266,822
School administration	463,053	-	-	-	-	-	463,053
Central	291,273	-	-	-	-	-	291,273
Operation and maintenance of facilities	439,494	-	-	-	-	-	439,494
Transportation	507,915	-	-	-	-	-	507,915
Other	32,918	-	-	-	-	-	32,918
School lunch services	-	-	276,974	-	1,388,748	-	276,974
Capital Projects	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-
Bond principal	-	-	-	636,448	395,000	-	1,031,448
Interest and fiscal charges	-	-	-	128,275	72,269	-	200,544
Paying agent fees	-	-	-	-	-	-	-
Total expenditures	7,872,332	1,241,181	276,974	764,723	1,856,017	-	12,011,227
Excess (deficiency) of revenues over (under) expenditures	101,577	253,567	5,572	7,507	335,426	61,403	765,052
Other financing sources (uses):							
Transfers In	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	475,000	500,000	975,000
Sale of capital assets	807	-	-	-	(500,000)	(475,000)	(975,000)
Total other financing sources (uses)	807	-	-	-	-	-	807
Net change in fund balances	102,384	253,567	5,572	7,507	310,426	25,000	807
Fund balances - beginning	1,211,988	210,855	33,025	73,446	1,262,508	86,403	765,859
Fund balances - ending	\$ 1,314,372	\$ 464,422	\$ 38,597	\$ 80,953	\$ 1,572,934	\$ 3,029,835	\$ 6,501,113

The notes to the financial statements are an integral part of this statement.

South Summit School District

Statement of Changes Reconciliation to Statement of Activities

For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 765,859
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 600,579	
Depreciation	<u>(975,718)</u>	(375,139)

The government funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in treatment is as follows:

Issuance of long-term-debt	\$ -	
Interest expense- lease revenue bond	(47,143)	
net of bond issuance costs, premiums, and amortizations	(10,100)	
Retirement of long-term debt	<u>1,083,421</u>	1,026,178

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In governmental funds, however, expenditures for this item is measured by the amount of financial resources used(essentially, the amount actually paid).	(18,682)
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The net effect of sales of capital assets.	(3,170)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(484,800)
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Change in net assets of governmental activities	<u>\$ 910,246</u>
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The notes to the financial statements are an integral part of this statement.

South Summit School District
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Fund
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,279,842	3,808,229	3,615,753	(192,476)
Earnings on investments	56,000	110,000	108,274	(1,726)
Other local sources	10,000	13,750	13,648	(102)
Local governmental units other than LEAs	5,656	7,800	12,189	4,389
Tuition from pupils or parents	2,500	2,730	3,150	420
State aid	3,898,559	4,097,942	3,766,452	(331,490)
Federal aid	406,473	429,983	454,443	24,460
Total revenues	<u>7,659,030</u>	<u>8,470,434</u>	<u>7,973,909</u>	<u>(496,525)</u>
EXPENDITURES				
Current:				
Instructional services	5,313,596	5,418,761	5,302,510	116,251
Supporting services:				
Students	252,340	380,956	360,570	20,386
Instructional staff	184,849	220,240	207,777	12,463
District administration	258,824	274,200	266,822	7,378
School administration	465,001	472,792	463,053	9,739
Central	282,085	298,490	291,273	7,217
Operation and maintenance of facilities	486,279	486,279	439,494	46,785
Transportation	557,277	557,277	507,915	49,362
Other support	29,397	32,904	32,918	(14)
Total expenditures	<u>7,829,648</u>	<u>8,141,899</u>	<u>7,872,332</u>	<u>269,567</u>
Excess revenues over (under) expenditures	<u>(170,618)</u>	<u>328,535</u>	<u>101,577</u>	<u>(226,958)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	8,069	-	-	-
Proceeds from sale of capital assets	-	-	807	807
Total other financing sources and uses	<u>8,069</u>	<u>-</u>	<u>807</u>	<u>807</u>
Excess of revs and other sources over (under) expend and other uses	<u>(162,549)</u>	<u>328,535</u>	<u>102,384</u>	<u>(226,151)</u>
Fund balances - beginning of year	1,211,988	1,211,988	1,211,988	-
Fund balances - end of year	<u>\$ 1,049,439</u>	<u>1,540,523</u>	<u>1,314,372</u>	<u>(226,151)</u>

The notes to the financial statements are an integral part of this statement.

South Summit School District
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Non K-12 Programs
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Property taxes	\$ 893,735	\$ 1,013,855	\$ 1,043,377	\$ 29,522
Community school fees	262,489	330,000	356,364	26,364
Tuition	10,350	5,630	7,594	1,964
Miscellaneous revenues	-	1,524	1,524	-
Total local sources	1,166,574	1,351,009	1,408,859	57,850
State sources:				
Adult basic skills	17,589	12,223	17,323	5,100
Preschool	40,850	32,730	32,730	-
Total State Sources	58,439	44,953	50,053	5,100
Federal sources:				
Preschool	6,100	6,458	6,458	-
Other revenues	25,000	25,000	29,378	4,378
Total federal sources	31,100	31,458	35,836	4,378
Total revenues	1,256,113	1,427,420	1,494,748	67,328
Expenditures:				
Current:				
Salaries	657,673	657,673	618,812	38,861
Employee benefits	145,752	145,710	145,453	257
Purchased services	126,225	96,467	86,894	9,573
Supplies	304,675	334,475	356,040	(21,565)
Property	39,000	39,000	26,963	12,037
Other	2,760	2,760	7,019	(4,259)
Total expenditures	1,276,085	1,276,085	1,241,181	34,904
Excess (deficiency) of revenues over (under) expenditures	(19,972)	151,335	253,567	102,232
Fund balances - beginning	210,855	210,855	210,855	-
Fund balances - ending	\$ 190,883	\$ 362,190	\$ 464,422	\$ 102,232

The notes to the financial statements are an integral part of this statement.

South Summit School District
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Food Service
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Sales to students	\$ 113,500	\$ 120,000	\$ 119,984	\$ (16)
Sales to adults	3,000	2,475	2,487	12
Other local revenues	10,681	7,945	8,093	148
Total local sources	127,181	130,420	130,564	144
State sources:				
School lunch	30,000	30,000	40,924	10,924
Total state sources	30,000	30,000	40,924	10,924
Federal sources:				
Lunch reimbursement	59,500	84,400	88,469	4,069
Special milk reimbursement	1,275	2,300	2,216	(84)
Other child nutrition program	-	-	514	514
Donated commodities	16,000	16,000	19,859	3,859
Total federal sources	76,775	102,700	111,058	8,358
Total revenues	233,956	263,120	282,546	19,426
Expenditures:				
Salaries	97,000	104,000	96,985	7,015
Employee benefits	46,624	43,345	42,690	655
Purchased services	3,650	3,650	3,420	230
Supplies	134,250	134,250	131,749	2,501
Property	2,500	2,500	2,130	370
Other	200	200	-	200
Total expenditures	284,224	287,945	276,974	10,971
Excess (deficiency) of revenues over (under) expenditures	(50,268)	(24,825)	5,572	30,397
Other financing sources:				
Transfer in	8,069	-	-	-
Net change in fund balances	(42,199)	(24,825)	5,572	30,397
Fund balances - beginning	33,025	33,025	33,025	-
Fund balances - ending	\$ (9,174)	\$ 8,200	\$ 38,597	\$ 30,397

The notes to the financial statements are an integral part of this statement.

South Summit School District

Statement of Fiduciary Net Assets

Agency Fund

June 30, 2005

	Student Activity and Scholarship Fund
Assets:	
Cash and cash equivalents	<u>\$ 116,255</u>
Liabilities:	
Held in trust - scholarship	\$ 7,697
Due to student organizations	<u>108,558</u>
Total liabilities	<u>\$ 116,255</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

South Summit School District

Notes to Financial Statements-Continued

Note 1 - Summary of Significant Accounting Policies - Continued

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *non K-12 fund* is used to account for programs that are not part of the basic educational program kindergarten, elementary, and secondary students. through twelve grade.

The *food service fund* is used to account for the school lunch activities of the District as required by state and federal law.

The *debt service fund* is used to account for the accumulation of resources and payment of principal and interest on general obligation debt due annually.

The *capital projects fund* is used to account for financial resources used in the acquisition and construction of major capital improvements.

The *building reserve fund* is used to account for the accumulation of resources for the replacement, repair, and future improvement of the District's buildings.

South Summit School District

Notes to Financial Statements-Continued

Copies of the proposed budget are made available for public inspection and review by patrons of the District.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining public input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.

Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve a reduction in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah State law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.

Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2005, have been included in the final budget approved by the Board, as presented in the financial statements.

Expenditures may not legally exceed budgeted appropriation at the fund level.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditures will be positive.

Assets, liabilities, and net assets or equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the District, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

South Summit School District

Notes to Financial Statements-Continued

2. Receivables and payables

Property taxes are collected by the County Treasurer and remitted to the District shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 of each year.

3. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset of materially extend assets lives are not capitalized.

Property, plant, equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15
Buses	10
Vehicles	5
Equipment	3-10

4. Accrued wages payable

Wages payable result from unpaid employee service at the balance sheet date. This amount arises from the employee contracts that spread payment for nine months of service over a twelve month period.

5. Compensated absences

Under terms of association agreements, employees can earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is not reimbursed for unused vacation days. Accumulated sick leave is reimbursed to employees that retire. A liability for this amount is reported in the governmental funds only if they have matured, for example, as a result of employee retirements.

South Summit School District

Notes to Financial Statements-Continued

6. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

Note 2 - Deposits and Investments

The District maintains cash accounts with local institutions and investment pools with the Utah Public Treasurers' Investment Fund, which is available for use by all funds.

Utah State law requires that District funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

South Summit School District
Notes to Financial Statements-Continued

Note 2 - Deposits and Investments (continued)

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the District and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2005, the District had the following deposits and investments:

Cash on Deposit	\$ 1,923,578
State Treasurer's investment pool	<u>5,607,373</u>
	<u>\$ 7,530,951</u>

Interest rate risk. The District manages its exposure to declines in fair value by only investing in the Utah Public Treasurers Investment Fund.

Credit risk. As of June 30, 2005, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of credit risk. The District investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

Custodial credit risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As of June 30, 2005, \$1,623,578 of the \$1,923,578 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Components of cash and investments (including interest earning deposits) at June 30, 2005, are as follows:

Cash on deposit	\$ 1,613,685
State Treasurer's investment pool	<u>5,607,373</u>
	<u>\$ 7,221,058</u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	<u>\$ 7,221,058</u>
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South Summit School District

Notes to Financial Statements-Continued

Note 3 - Other Receivables

At June 30, 2005, other receivables were comprised of the following:

Local Funding	\$ 19,733
State funding	135,107
Federal grants	306,736
Boundary Change	147,498
	<u>\$ 609,074</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government	Beginning			Ending
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 2,561,089	-	-	2,561,089
Construction in progress	-	344,280	-	344,280
Total capital assets not being depreciated	<u>2,561,089</u>	<u>344,280</u>	<u>-</u>	<u>2,905,369</u>
Capital assets being depreciated:				
Buildings	31,530,596	16,190	-	31,546,786
Improvements	-	-	-	-
Machinery and equipment	2,404,430	240,109	102,589	2,541,950
Total capital assets being depreciated	<u>33,935,026</u>	<u>256,299</u>	<u>102,589</u>	<u>34,088,736</u>
Less accumulated depreciation for:				
Buildings	7,555,886	788,804	-	8,344,690
Improvements	-	-	-	-
Machinery and equipment	1,309,174	186,914	99,419	1,396,669
Total accumulated depreciation	<u>8,865,060</u>	<u>975,718</u>	<u>99,419</u>	<u>9,741,359</u>
Total capital assets, being depreciated, net	25,069,966	(719,419)	3,170	24,347,377
Governmental activities capital assets, net	<u>\$ 27,631,055</u>	<u>\$ (375,139)</u>	<u>\$ 3,170</u>	<u>\$ 27,252,746</u>

South Summit School District
Notes to Financial Statements-Continued

Note 4 - Capital Assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:
Governmental activities:

Instructional	\$ 804,669
District administration	1,332
School administration	54,000
Operations & maintenance	4,228
Transportation	111,489
Total depreciation expense -governmental activities	<u>\$ 975,718</u>

Note 5 - Retirement plans

Defined Benefit Plans

The district contributes to the State and School Noncontributory Retirement System (System) which is a cost-sharing multiple employer defined benefit pension plan administered by the Utah Retirement Systems (URS). URS provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the URS and plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Employees participating in the State and School Noncontributory System, the District contributes 13.38% of their annual covered salary. The contribution rates are actuarially determined rates. The contribution requirements of the System are authorized by statute and specified by the board.

The District contributions to the State and School Noncontributory Retirement System for the years ending June 30, 2005, 2004, 2003 were \$661,627, \$554,270, and \$523,072 respectively. The contributions were equal to the required contributions for each year.

South Summit School District

Notes to Financial Statements-Continued

Defined Contribution Plans - The district also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement Systems have a contribution rate of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended June 30, 2005, 2004, and 2003 are \$160,319, \$124,625, and \$105,418, respectively; the employee contributions for the years ending June 30, 2005, 2004, and 2003 are \$115,311, \$105,607, and \$105,889, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS.

Note 6 - Long - Term Debt

Long-term debt activity for the year ended June 30, 2005 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 3,210,000	\$ -	\$ 595,000	\$ 2,615,000	\$ 615,000
Lease revenue bonds	4,750,000	-	395,000	4,355,000	410,000
Total bonds payable	7,960,000	-	990,000	6,970,000	1,025,000
Obligations under capital leases	51,973	-	51,973	-	-
Notes payable boundary change	234,966	-	41,448	193,518	38,136
Compensated absences payable	273,475	18,682	-	292,157	-
Total governmental activity					
long-term liabilities	\$ 8,520,414	\$ 18,682	\$ 1,083,421	\$ 7,455,675	\$ 1,063,136

South Summit School District

Notes to Financial Statements-Continued

Payments on the general obligation bonds and boundary change notes are made by the debt service fund with property taxes. The lease revenue bonds obligations under capital leases are paid by the capital projects fund. The compensated absences will be paid by the fund in which the employee worked. The annual requirements to amortize all general obligation, revenue bonds, and note payable outstanding as of June 30, 2005, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 1,063,136	\$ 278,520	\$ 1,341,656
2007	1,101,360	237,827	1,339,187
2008	1,141,260	195,347	1,336,607
2009	1,191,392	150,947	1,342,339
2010	506,584	104,200	610,784
2011-2014	2,159,786	216,800	2,376,586
	<u>\$ 7,163,518</u>	<u>\$ 1,183,641</u>	<u>\$ 8,347,159</u>

Note 7 - Designated for Undistributed Reserve

Utah State law allows for the establishment of an undistributed reserve. The Board of Education must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for district employees. The undistributed reserve may not exceed 5% of the following fiscal year's total general fund budgeted revenues. The expenditure of the reserve requires written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and State Auditor.

Note 8 - Other information

Risk management

The District also maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (USRMF). The District also insures its buildings and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$1,500 deductible; other liability is limited to the lesser of \$10 million or the statutory limit.

South Summit School District

Notes to Financial Statements-Continued

The USRMF is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to USRMF: USRMF obtains independent coverage for insured events, up to 25 million per location. This is a pooled arrangement where the districts pay experience related annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

SUPPLEMENTAL INFORMATION

South Summit School District
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Major Governmental Fund - Debt Service
For the Year Ended June 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property tax	\$ 655,033	\$ 712,844	\$ 733,816	\$ 20,972
Other revenue from local sources	36,975	36,975	36,975	-
Earnings on investments	-	1,385	1,439	54
Total revenues	692,008	751,204	772,230	21,026
Expenditures:				
Debt service:				
Bond principal	636,448	636,448	636,448	-
Bond interest & fiscal charges	128,275	128,275	128,275	-
Paying agent fees	-	-	-	-
Total expenditures	764,723	764,723	764,723	-
Excess (deficiency) of revenues over (under) expenditures	(72,715)	(13,519)	7,507	21,026
Other financing sources (uses):				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(72,715)	(13,519)	7,507	21,026
Fund balance - beginning	73,446	73,446	73,446	-
Fund balance - ending	731	\$ 59,927	\$ 80,953	\$ 21,026

The notes to the financial statements are an integral part of this statement.

South Summit School District
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Major Governmental Fund - Capital Projects
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Property taxes	\$ 2,105,371	\$ 2,105,371	\$ 2,166,461	\$ 61,090
Earnings on investments	75	3,200	9,720	6,520
Other revenue from local sources	-	15,000	15,262	262
Total local sources	2,105,446	2,123,571	2,191,443	67,872
State sources	-	-	-	-
Total revenues	2,105,446	2,123,571	2,191,443	67,872
Expenditures:				
10% of basic for:				
Supplies	362,303	409,303	343,147	66,156
Equipment	114,100	67,100	44,560	22,540
Total 10% of basic	476,403	476,403	387,707	88,696
Operation and maintenance of facilities				
Salaries	40,390	45,300	45,036	264
Employee benefits	15,957	18,315	19,746	(1,431)
Purchased services	41,500	41,500	37,868	3,632
Supplies	179,900	172,632	176,489	(3,857)
Total operation and maintenance of facilities	277,747	277,747	279,139	(1,392)
Building acquisition and construction				
Salaries	20,000	20,000	6,380	13,620
Employee benefits	4,506	4,506	1,309	3,197
Purchased services	191,868	87,118	68,201	18,917
Property expenses	500,000	604,750	431,618	173,132
Supplies	16,000	16,000	7,115	8,885
Land and improvements	160,000	160,000	79,020	80,980
Machinery	20,000	10,000	-	10,000
School Buses	70,000	80,000	78,343	1,657
Furniture and fixtures	68,000	68,000	22,835	45,165
Non-Bus Vehicles	25,000	25,000	5,250	19,750
Other Equipment	52,500	52,500	21,831	30,669
Principal retirement	395,000	395,000	395,000	-
Interest	140,390	140,390	72,269	68,121
Total building acquisition and construction	1,663,264	1,663,264	1,189,171	474,093
Total expenditures	2,417,414	2,417,414	1,856,017	561,397
Excess (deficiency) of revenues over (under) expenditures	(311,968)	(293,843)	335,426	629,269
Other Financing Sources (Uses):				
Transfers in	-	-	475,000	475,000
Transfers out	(3,610)	(500,000)	(500,000)	-
Total other financing sources (uses)	(3,610)	(500,000)	(25,000)	475,000
Net change in fund balances	(315,578)	(793,843)	310,426	1,104,269
Fund balance - beginning	1,262,508	1,262,508	1,262,508	-
Fund balance - ending	\$ 946,930	\$ 468,665	\$ 1,572,934	\$ 1,104,269

The notes to the financial statements are an integral part of this statement.

South Summit School District
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
Major Governmental Fund - Building Reserve
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Earnings on investments	\$ 47,000	\$ 60,380	\$ 61,403	\$ 1,023
Total revenues	47,000	60,380	61,403	1,023
Expenditures:				
Purchased services	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	47,000	60,380	61,403	1,023
Other financing sources:				
Transfers In	-	500,000	500,000	-
Transfers Out	-	-	(475,000)	(475,000)
Total other financing sources (uses)	-	500,000	25,000	(475,000)
Net change in fund balances	47,000	560,380	86,403	(473,977)
Fund balances - beginning	2,943,432	2,943,432	2,943,432	-
Fund balances - ending	\$ 2,990,432	\$ 3,503,812	\$ 3,029,835	\$ (473,977)

The notes to the financial statements are an integral part of this statement.

South Summit School District
Statement of Changes in Assets and Liabilities
Student Activities and Scholarship Agency Fund
For the Year Ended June 30, 2005

	Net Assets July 1, 2004	Additions	Deletions	Net Assets June 30, 2005
Assets:				
Cash & cash equivalents	\$ 94,793	\$ 321,027	\$ 299,565	\$ 116,255
Liabilities:				
Held in trust - scholarship	\$ 11,718	\$ 1,729	\$ 5,750	\$ 7,697
Due to student organizations:				
South summit elementary school	6,652	35,150	35,962	5,840
South summit middle school	20,729	32,335	31,870	21,194
South summit high school	32,794	114,154	88,193	58,755
High school activity and class fund	22,900	137,659	137,790	22,769
Total due to student organizations	83,075	319,298	293,815	108,558
Total liabilities	\$ 94,793	\$ 321,027	\$ 299,565	\$ 116,255

The notes to the financial statements are an integral part of this statement.

OTHER REPORTS

Ulrich & Associates, PC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
South Summit School District
Kamas, UT

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Summit School District, as of and for the year ended June 30, 2005, which collectively comprise South Summit School District's basic financial statements and have issued our report thereon dated December 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered South Summit School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Summit School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing*

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of South Summit School District in a separate letter dated December 5, 2005.

This report is intended solely for the information and use of the board of education, management, others within the organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Wink & Associates, P.C.

December 5, 2005

Ulrich & Associates, PC

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Board of Education
South Summit School District
Kamas, Utah

Compliance

We have audited the compliance of South Summit School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. South Summit School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of South Summit School District's management. Our responsibility is to express an opinion on South Summit School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Summit School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on South Summit School District's compliance with those requirements.

In our opinion, South Summit School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of South Summit School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered South Summit School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of South Summit School District as of and for the year ended June 30, 2005, and have issued our report thereon dated December 5, 2005. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of South Summit School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the School Board, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Ulrich & Associates, P.C.

December 5, 2005

South Summit School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

	Federal CFDA Number	Pass-Thru Grantor's Number	For the Year Ended June 30, 2005	
			Revenue Recognized	Expenditures
U.S. Department of Education				
Passed through Utah State Office of Education				
NCLB - Title 1A	84.010A	508	\$ 88,045	\$ 88,045
NCLB - Tech. Literacy Challenge	84.318X	407	971	971
	84.318X	507	2,459	2,459
IDEA Preschool Disabled	84.173	552	6,458	6,458
IDEA Disable	84.027A	419	216,521	216,521
Applied Technology Education	84.048A	521	12,624	12,624
Drug Free Schools and Communities	84.186A	409	4,121	4,121
	84.186A	509	4,940	4,940
NCLB-Teacher Quality	84.367	474	690	690
	84.367	574	44,918	44,918
NCLB-Innovative Programs	84.298	590	8,473	8,473
NCLB - ENGLISH Language Acq	84.365	473	3,148	3,148
	84.365	573	3,802	3,802
			<u>397,170</u>	<u>397,170</u>
Total U.S. Department of Education				
U.S. Department of Agriculture (See Note B):				
Passed through Utah State Office of Education:				
Food Distribution (Commodities)	10.550	539	19,859	19,859
National School Lunch Program	10.555	442	3,822	3,822
	10.555	542	20,431	20,431
	10.555	443	10,589	10,589
	10.555	543	53,627	53,627
Special Milk	10.556	441	383	383
	10.556	541	1,833	1,833
			<u>110,544</u>	<u>110,544</u>
Total U.S. Department of Agriculture				
U.S. Department of Health and Human Services:				
Passed through Davis County School District:				
Head Start	93.600	N/A	46,711	46,711
Total U.S. Department of Health and Human Services			<u>46,711</u>	<u>46,711</u>
Corporation for National and Community Services:				
Passed through Ogden City School District:				
Americorp Grant	94.006	N/A	17,852	17,852
Total Corporation for National and Community Services			<u>17,852</u>	<u>17,852</u>
Total Federal Awards			<u>\$ 572,277</u>	<u>\$ 572,277</u>

See Independent Auditors' Report

South Summit School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Summit School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements on OMB Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**

Note B - Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

South Summit School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of South Summit School District.
2. No reportable conditions relating to the audit of the general purpose financial statements were disclosed during the audit.
3. No instances of noncompliance material to the general purpose financial statements of South Summit School District were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in this schedule
5. The auditors' report on compliance for the major federal award program expresses an unqualified opinion on the major federal program
6. No audit findings relative to the major federal award program for South Summit School District are reported in this schedule
7. The programs tested as major programs were:

<u>Name</u>	<u>CFDA No.</u>
NCLB - Title 1A	84.010A
NCLB - Teacher Quality	84.367
Applied Technology Education	84.048A

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. South Summit School District was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT

None

Ulrich & Associates, PC

Certified Public Accountants

STATE LEGAL COMPLIANCE REPORT

Board of Education
South Summit School District
Kamas, UT

We have audited the basic financial statements of the South Summit School District for the year ended June 30, 2005 and have issued our report thereon dated December 1, 2005. As part of our audit, we have audited compliance with the requirements governing types of services allowed or unallowed, eligibility, matching, level of effort or earmarking, special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The district received the following major State assistance programs from the State of Utah:

Minimum School Program
School Lunch
Drivers Education

Our audit also included testwork on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Other Compliance Requirements

The management of the South Summit School District, is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

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The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the South Summit School District, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed, eligibility, matching, level of effort or earmarking, reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

Ulrich & Associates, P.C.

December 5, 2005

South Summit School District
Schedule of Findings
State Legal Compliance

1. Budgetary Compliance

In the general fund the other support expenditures exceeded appropriations by \$14

Auditors' recommendation

We recommend management monitor expenses throughout the year to stay within budgeted amounts.

Management response

Management will closely monitor the expenditures throughout the year. Estimates of expenditures close to year end will be made so proper budget adjustments can be made.